

AMENDED IN ASSEMBLY APRIL 9, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

No. 1229

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Introduced by Assembly Member Campos

February 27, 2015

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An act to ~~amend Section 214 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy; add and repeal Section 1954.532 of the Civil Code, and to add and repeal Section 17503 of the Revenue and Taxation Code, relating to rent control.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 1229, as amended, Campos. ~~Property taxation: welfare exemption: rental housing and related facilities. Senior Citizen Rent Increase Exemption Program.~~

Existing ~~property tax law~~ establishes a partial welfare exemption for property used exclusively for rental housing and related facilities, as defined, that are owned and operated by either of any certain types of nonprofit entities or veterans' organizations that meet specified exemption requirements, if either of certain qualifying criteria are met. Existing law requires the partial exemption to be equal to that percentage of the value of the property that is equal to the percentage that the number of units serving lower income households represents of the total number of residential units in any year. For purposes of the exemption, existing law defines "related facilities" to, among other things, exclude any portions of the overall development that are nonexempt commercial space. ~~law authorizes local jurisdictions to establish controls on the price of residential units that may be offered for rent. Existing law, the Costa-Hawkins Rental Housing Act, prescribes statewide limits on the application of local rent control with regard to certain properties,~~

including those that have a certificate of occupancy issued after February 1, 1995.

~~This bill would specify that “related facilities” does not include any portions of the overall development that are occupied commercial space.~~ bill, until January 1, 2019, would enact the Senior Citizen Rent Increase Exemption Program (SCRIE program), a demonstration project to be implemented in the County of Alameda, the City and County of San Francisco, the County of Ventura, and the County of Santa Clara. The program would permit an eligible head of household in a rent-controlled property to apply to be exempt from rent increases for a 12-month period, with the associated loss of rent to be offset by a tax credit to be claimed by the landlord, as provided. The bill would define an eligible head of household as having certain characteristics, including being 62 years of age or older, and having a combined annual household income of \$50,000 or less, more than  $\frac{1}{3}$  of which is spent on rent. The bill would require the Department of Housing and Community Development to provide advisory guidance to local rent control boards regarding the implementation and administration of the SCRIE program, to publicize the SCRIE program to senior citizens in rent-controlled properties in the jurisdictions to which the program applies, and to apply for federal funding for the program.

This bill would permit an eligible head of household, on and after April 1, 2016, to apply annually to the appropriate local rent control board, to be defined as a supervising agency, for a rent increase exemption order and, if the relevant criteria are met, would require the agency to issue the order to the head of household, with a copy to his or her landlord along with information on the right to claim a related tax credit. By increasing the duties of local officials, the bill would impose a state-mandated local program.

The Personal Income Tax Law allows various credits against the tax imposed by that law.

This bill would allow a credit against those taxes, for taxable years beginning on or after January 1, 2016, and before January 1, 2020, for an amount equivalent to the rent a landlord does not receive as a result of a tenant’s participation in the SCRIE program. The bill would prescribe the conditions pursuant to which the landlord could claim the tax credit, including the requirement that the credit be allowed only for the taxable year in which the taxpayer incurred the loss of the rent resulting from the increase exemption order. The bill would require the Department of Housing and Community Development to make a

*specified report to the Legislature on the program, which would include the feasibility of establishing the program statewide. The bill would make a statement of legislative findings.*

*The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

~~Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.~~

~~This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.~~

~~This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: ~~no~~ yes.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. (a) *The Legislature finds and declares all of the*
- 2     *following:*
- 3     (1) *According to a Kaiser Family Foundation study, California's*
- 4     *seniors have the nation's highest poverty rate.*
- 5     (2) *Twenty percent of California adults over 65 years of age*
- 6     *live below the poverty threshold of about \$16,000, when the higher*
- 7     *cost of housing and health care are taken into account.*
- 8     (3) *Nationally, homelessness among seniors is projected to rise*
- 9     *by 33 percent between 2010 and 2020, and by 100 percent between*
- 10    *2010 and 2050, according to a 2010 report from the Homelessness*
- 11    *Research Institute.*
- 12    (4) *The Los Angeles Homeless Services Authority reports that*
- 13    *from 2011 to 2013, inclusive, Los Angeles County had a 29.1*

1 percent increase in the number of homeless people 62 years of age  
2 and older.

3 (5) According to a March 2013 report of the National Low  
4 Income Housing Coalition, California is the second least affordable  
5 state behind Hawaii.

6 (6) According to the federal Department of Housing and Urban  
7 Development, fair market rent in California for a two-bedroom  
8 apartment is \$1,341 a month. In order to afford this level of rent  
9 and utilities, without paying more than 30 percent of income on  
10 housing, a household needs to earn \$4,470 monthly or \$53,640  
11 annually.

12 (7) Three out of the 10 most expensive metropolitan areas and  
13 six out of the 10 most expensive counties nationally are in  
14 California.

15 (8) In order to slow the growing numbers of homeless senior  
16 citizens being priced out of their homes, California must begin to  
17 explore practical means to slow this disaster.

18 (b) The Legislature hereby enacts the Senior Citizen Rent  
19 Increase Exemption Program to test whether the program is a  
20 viable method to help California seniors remain in their homes.

21 SEC. 2. Section 1954.532 is added to the Civil Code, to read:

22 1954.532. (a) This section establishes the Senior Citizen Rent  
23 Increase Exemption Program, a demonstration project to be  
24 implemented in the County of Alameda, the City and County of  
25 San Francisco, the County of Ventura, and the County of Santa  
26 Clara in order to permit an eligible head of household in a  
27 rent-controlled property to apply for an exemption from rent  
28 increases and to provide his or her landlord a tax credit in an  
29 amount equivalent to the rent increase that the landlord otherwise  
30 would have received if not for that exemption.

31 (b) For the purposes of this section:

32 (1) "Department" means the Department of Housing and  
33 Community Development.

34 (2) "Eligible head of household" means a person with all of  
35 the following characteristics:

36 (A) He or she is 62 years of age or older.

37 (B) He or she rents a property as his or her primary residence  
38 that is rent controlled and he or she is named on the lease for that  
39 property.

1 (C) His or her combined annual household income is fifty  
2 thousand dollars (\$50,000) or less, more than one third of which  
3 is spent on rent.

4 (3) “Qualifying residence” means a property that is subject to  
5 rent control, not sublet, in compliance with the local rent control  
6 ordinance, and rent for which is not paid with a federal housing  
7 choice voucher, commonly referred to as a Section 8 voucher.

8 (4) “Rent increase exemption order” is an order issued by a  
9 supervising agency that exempts an eligible head of household  
10 renting a qualifying residence from increases in rent for a period  
11 of 12 months and entitles the landlord to a tax credit in an amount  
12 equivalent to the rent not received.

13 (5) “SCRIE program” means the Senior Citizen Rent Increase  
14 Exemption Program established by this section.

15 (6) “Supervising agency” means the local rent control board  
16 or other local entity that administrates a rent control program  
17 with jurisdiction over a potentially qualifying residence.

18 (c) The department shall provide advisory guidance to  
19 supervising agencies regarding the implementation and  
20 administration of the SCRIE program and is authorized to  
21 promulgate the necessary rules and regulations to carry out this  
22 section. The department shall publicize the SCRIE program to  
23 senior citizens in rent-controlled properties in the jurisdictions to  
24 which the program applies.

25 (d) On and after April 1, 2016, an eligible head of household  
26 renting a qualifying residence may apply to a supervising agency  
27 for a rent increase exemption order pursuant to the SCRIE  
28 program. The supervising agency shall review the application and,  
29 upon confirming that the applicant is an eligible head of household  
30 and that the property is a qualifying residence, shall issue to the  
31 applicant a rent increase exemption order. The supervising agency  
32 shall issue a copy of the order to the landlord of the qualifying  
33 residence and shall notify the landlord of his or her right to make  
34 a claim for a tax credit under Section 17053 of the Revenue and  
35 Taxation Code for rent not received pursuant to the order. The  
36 rent increase exemption order shall be in effect for a 12-month  
37 period commencing the month following its issuance. A rent  
38 increase exemption order shall not renew automatically and an  
39 eligible head of household shall be required to reapply to the  
40 supervising agency and make the appropriate demonstrations in

1 order to qualify for a subsequent order. A rent increase exemption  
2 order validly issued before the repeal of this section shall remain  
3 effective for its full 12-month term.

4 (e) The department shall seek federal funding to support the  
5 SCRIE program.

6 (f) (1) On or before July 1, 2017, the department shall report  
7 to the Legislature regarding the effectiveness of the SCRIE  
8 program. The report shall address, but not be limited to, the  
9 following:

10 (A) The number of eligible heads of household participating in  
11 the SCRIE program, their combined household incomes, and the  
12 rent increases actually exempted.

13 (B) The extent to which the SCRIE program significantly  
14 decreases the rental burden on eligible heads of household.

15 (C) The household and community impact of the rent increase  
16 exemption for eligible heads of household and the rent increase  
17 exemption tax credit for affected landlords.

18 (D) The feasibility of implementing the SCRIE program  
19 throughout the state.

20 (2) The report required by paragraph (1) shall be made in  
21 compliance with Section 9795 of the Government Code.

22 (g) This section shall remain in effect only until January 1, 2019,  
23 and as of that date is repealed.

24 SEC. 3. Section 17053 is added to the Revenue and Taxation  
25 Code, to read:

26 17053. (a) For each taxable year beginning on or after  
27 January 1, 2016, and before January 1, 2020, there shall be  
28 allowed as a credit against the "net tax," as defined in Section  
29 17039, an amount equal to the amount of rent not received for that  
30 taxable year by a taxpayer, who is a landlord, as a consequence  
31 of a tenant receiving a rent increase exemption order under the  
32 Senior Citizen Rent Increase Exemption Program established  
33 pursuant to Section 1954.532 of the Civil Code.

34 (b) In the case where the credit allowed by this section exceeds  
35 the "net tax," the excess may be carried over to reduce the "net  
36 tax" in the following year, and succeeding seven years if necessary,  
37 until the total credit is exhausted.

38 (c) This section shall remain in effect only until December 1,  
39 2020, and as of that date is repealed.

1     *SEC. 4. Pursuant to Section 41 of the Revenue and Taxation*  
2     *Code, the following applies to Section 17053 of the Revenue and*  
3     *Taxation Code:*

4     *(a) The specific goal, purpose, and objective of Section 17053*  
5     *of the Revenue and Taxation Code is to provide a landlord a means*  
6     *by which the landlord may recoup the loss in rent incurred as a*  
7     *result of the participation of a tenant in the Senior Citizen Rent*  
8     *Increase Exemption Program (SCRIE program) established*  
9     *pursuant to Section 1954.532 of the Civil Code, thus making the*  
10    *program function equitably for both landlords and tenants. The*  
11    *fundamental goal, purpose, and objective of the SCRIE program*  
12    *is to provide financial relief to tenants in specified counties who*  
13    *are heads of household 62 years of age or older, with combined*  
14    *household incomes of \$50,000 or less, more than one-third of*  
15    *which is spent on rent.*

16    *(b) The performance indicator for Section 17053 of Revenue*  
17    *and Taxation Code will be the actual savings in rent by senior*  
18    *citizen tenants participating in the SCRIE program, particularly*  
19    *as it reflects a percentage of their combined household incomes.*  
20    *This amount will be reflected, if imperfectly, in the amounts of the*  
21    *tax credits allowed.*

22    *(c) In order to determine the relative success of the SCRIE*  
23    *program in meeting its goal, and the economic success of the tax*  
24    *credit provided by Section 17053 of the Revenue and Taxation*  
25    *Code, it is necessary to establish the number of participants in the*  
26    *SCRIE program, their combined household incomes, and the*  
27    *amount of rent increases that were exempted pursuant to the*  
28    *program. Information on participating senior citizen tenants, their*  
29    *combined household incomes, and the amount of rent increases*  
30    *that were exempted will be available from the Department of*  
31    *Housing and Community Development in its report to the*  
32    *Legislature pursuant to subdivision (f) of Section 1954.532 of the*  
33    *Civil Code and from the local rent control boards implementing*  
34    *the SCRIE program.*

35    *SEC. 5. If the Commission on State Mandates determines that*  
36    *this act contains costs mandated by the state, reimbursement to*  
37    *local agencies and school districts for those costs shall be made*  
38    *pursuant to Part 7 (commencing with Section 17500) of Division*  
39    *4 of Title 2 of the Government Code.*

1     ~~SECTION 1. Section 214 of the Revenue and Taxation Code~~  
2     ~~is amended to read:~~

3     ~~214. (a) Property used exclusively for religious, hospital,~~  
4     ~~scientific, or charitable purposes owned and operated by~~  
5     ~~community chests, funds, foundations, limited liability companies,~~  
6     ~~or corporations organized and operated for religious, hospital,~~  
7     ~~scientific, or charitable purposes is exempt from taxation, including~~  
8     ~~ad valorem taxes to pay the interest and redemption charges on~~  
9     ~~any indebtedness approved by the voters prior to July 1, 1978, or~~  
10    ~~any bonded indebtedness for the acquisition or improvement of~~  
11    ~~real property approved on or after July 1, 1978, by two-thirds of~~  
12    ~~the votes cast by the voters voting on the proposition, if:~~

13    ~~(1) The owner is not organized or operated for profit. However,~~  
14    ~~in the case of hospitals, the organization shall not be deemed to~~  
15    ~~be organized or operated for profit if, during the immediately~~  
16    ~~preceding fiscal year, operating revenues, exclusive of gifts,~~  
17    ~~endowments and grants-in-aid, did not exceed operating expenses~~  
18    ~~by an amount equivalent to 10 percent of those operating expenses.~~  
19    ~~As used herein, operating expenses include depreciation based on~~  
20    ~~cost of replacement and amortization of, and interest on,~~  
21    ~~indebtedness.~~

22    ~~(2) No part of the net earnings of the owner inures to the benefit~~  
23    ~~of any private shareholder or individual.~~

24    ~~(3) The property is used for the actual operation of the exempt~~  
25    ~~activity, and does not exceed an amount of property reasonably~~  
26    ~~necessary to the accomplishment of the exempt purpose.~~

27    ~~(A) For the purposes of determining whether the property is~~  
28    ~~used for the actual operation of the exempt activity, consideration~~  
29    ~~shall not be given to use of the property for either or both of the~~  
30    ~~following described activities if that use is occasional:~~

31    ~~(i) The owner conducts fundraising activities on the property~~  
32    ~~and the proceeds derived from those activities are not unrelated~~  
33    ~~business taxable income, as defined in Section 512 of the Internal~~  
34    ~~Revenue Code, of the owner and are used to further the exempt~~  
35    ~~activity of the owner.~~

36    ~~(ii) The owner permits any other organization that meets all of~~  
37    ~~the requirements of this subdivision, other than ownership of the~~  
38    ~~property, to conduct fundraising activities on the property and the~~  
39    ~~proceeds derived from those activities are not unrelated business~~  
40    ~~taxable income, as defined in Section 512 of the Internal Revenue~~



1 ~~Code, of the organization, are not subject to the tax on unrelated~~  
2 ~~business taxable income that is imposed by Section 511 of the~~  
3 ~~Internal Revenue Code, and are used to further the exempt activity~~  
4 ~~of the organization.~~

5 ~~(B) For purposes of subparagraph (A):~~

6 ~~(i) “Occasional use” means use of the property on an irregular~~  
7 ~~or intermittent basis by the qualifying owner or any other qualifying~~  
8 ~~organization described in clause (ii) of subparagraph (A) that is~~  
9 ~~incidental to the primary activities of the owner or the other~~  
10 ~~organization.~~

11 ~~(ii) “Fundraising activities” means both activities involving the~~  
12 ~~direct solicitation of money or other property and the anticipated~~  
13 ~~exchange of goods or services for money between the soliciting~~  
14 ~~organization and the organization or person solicited.~~

15 ~~(C) Subparagraph (A) shall have no application in determining~~  
16 ~~whether paragraph (3) has been satisfied unless the owner of the~~  
17 ~~property and any other organization using the property as provided~~  
18 ~~in subparagraph (A) have filed with the assessor a valid~~  
19 ~~organizational clearance certificate issued pursuant to Section~~  
20 ~~254.6.~~

21 ~~(D) For the purposes of determining whether the property is~~  
22 ~~used for the actual operation of the exempt activity, consideration~~  
23 ~~shall not be given to the use of the property for meetings conducted~~  
24 ~~by any other organization if the meetings are incidental to the other~~  
25 ~~organization’s primary activities, are not fundraising meetings or~~  
26 ~~activities as defined in subparagraph (B), are held no more than~~  
27 ~~once per week, and the other organization and its use of the~~  
28 ~~property meet all other requirements of paragraphs (1) to (5),~~  
29 ~~inclusive, of this subdivision. The owner or the other organization~~  
30 ~~also shall file with the assessor a copy of a valid, unrevoked letter~~  
31 ~~or ruling from the Internal Revenue Service or the Franchise Tax~~  
32 ~~Board stating that the other organization, or the national~~  
33 ~~organization of which it is a local chapter or affiliate, qualifies as~~  
34 ~~an exempt organization under Section 501(c)(3) or 501(c)(4) of~~  
35 ~~the Internal Revenue Code or Section 23701d, 23701f, or 23701w.~~

36 ~~(E) Nothing in subparagraph (A), (B), (C), or (D) shall be~~  
37 ~~construed to either enlarge or restrict the exemption provided for~~  
38 ~~in subdivision (b) of Section 4 and Section 5 of Article XIII of the~~  
39 ~~California Constitution and this section.~~

1     ~~(4) The property is not used or operated by the owner or by any~~  
2     ~~other person so as to benefit any officer, trustee, director,~~  
3     ~~shareholder, member, employee, contributor, or bondholder of the~~  
4     ~~owner or operator, or any other person, through the distribution~~  
5     ~~of profits, payment of excessive charges or compensations, or the~~  
6     ~~more advantageous pursuit of their business or profession.~~

7     ~~(5) The property is not used by the owner or members thereof~~  
8     ~~for fraternal or lodge purposes, or for social club purposes except~~  
9     ~~where that use is clearly incidental to a primary religious, hospital,~~  
10    ~~scientific, or charitable purpose.~~

11    ~~(6) The property is irrevocably dedicated to religious, charitable,~~  
12    ~~scientific, or hospital purposes and upon the liquidation,~~  
13    ~~dissolution, or abandonment of the owner will not inure to the~~  
14    ~~benefit of any private person except a fund, foundation, or~~  
15    ~~corporation organized and operated for religious, hospital,~~  
16    ~~scientific, or charitable purposes.~~

17    ~~(7) The property, if used exclusively for scientific purposes, is~~  
18    ~~used by a foundation or institution that, in addition to complying~~  
19    ~~with the foregoing requirements for the exemption of charitable~~  
20    ~~organizations in general, has been chartered by the Congress of~~  
21    ~~the United States (except that this requirement shall not apply~~  
22    ~~when the scientific purposes are medical research), and whose~~  
23    ~~objects are the encouragement or conduct of scientific~~  
24    ~~investigation, research, and discovery for the benefit of the~~  
25    ~~community at large.~~

26    ~~The exemption provided for herein shall be known as the~~  
27    ~~“welfare exemption.” This exemption shall be in addition to any~~  
28    ~~other exemption now provided by law, and the existence of the~~  
29    ~~exemption provision in paragraph (2) of subdivision (a) of Section~~  
30    ~~202 shall not preclude the exemption under this section for museum~~  
31    ~~or library property. Except as provided in subdivision (c), this~~  
32    ~~section shall not be construed to enlarge the college exemption.~~

33    ~~(b) Property used exclusively for school purposes of less than~~  
34    ~~collegiate grade and owned and operated by religious, hospital, or~~  
35    ~~charitable funds, foundations, limited liability companies, or~~  
36    ~~corporations, which property and funds, foundations, limited~~  
37    ~~liability companies, or corporations meet all of the requirements~~  
38    ~~of subdivision (a), shall be deemed to be within the exemption~~  
39    ~~provided for in subdivision (b) of Section 4 and Section 5 of Article~~  
40    ~~XIII of the California Constitution and this section.~~

1 ~~(e) Property used exclusively for nursery school purposes and~~  
2 ~~owned and operated by religious, hospital, or charitable funds;~~  
3 ~~foundations, limited liability companies, or corporations, which~~  
4 ~~property and funds, foundations, limited liability companies, or~~  
5 ~~corporations meet all the requirements of subdivision (a), shall be~~  
6 ~~deemed to be within the exemption provided for in subdivision~~  
7 ~~(b) of Section 4 and Section 5 of Article XIII of the California~~  
8 ~~Constitution and this section.~~

9 ~~(d) Property used exclusively for a noncommercial educational~~  
10 ~~FM broadcast station or an educational television station, and~~  
11 ~~owned and operated by religious, hospital, scientific, or charitable~~  
12 ~~funds, foundations, limited liability companies, or corporations~~  
13 ~~meeting all of the requirements of subdivision (a), shall be deemed~~  
14 ~~to be within the exemption provided for in subdivision (b) of~~  
15 ~~Section 4 and Section 5 of Article XIII of the California~~  
16 ~~Constitution and this section.~~

17 ~~(e) Property used exclusively for religious, charitable, scientific,~~  
18 ~~or hospital purposes and owned and operated by religious, hospital,~~  
19 ~~scientific, or charitable funds, foundations, limited liability~~  
20 ~~companies, or corporations or educational institutions of collegiate~~  
21 ~~grade, as defined in Section 203, which property and funds,~~  
22 ~~foundations, limited liability companies, corporations, or~~  
23 ~~educational institutions meet all of the requirements of subdivision~~  
24 ~~(a), shall be deemed to be within the exemption provided for in~~  
25 ~~subdivision (b) of Section 4 and Section 5 of Article XIII of the~~  
26 ~~California Constitution and this section. As to educational~~  
27 ~~institutions of collegiate grade, as defined in Section 203, the~~  
28 ~~requirements of paragraph (6) of subdivision (a) shall be deemed~~  
29 ~~to be met if both of the following are met:~~

30 ~~(1) The property of the educational institution is irrevocably~~  
31 ~~dedicated in its articles of incorporation to charitable and~~  
32 ~~educational purposes, to religious and educational purposes, or to~~  
33 ~~educational purposes.~~

34 ~~(2) The articles of incorporation of the educational institution~~  
35 ~~provide for distribution of its property upon its liquidation,~~  
36 ~~dissolution, or abandonment to a fund, foundation, or corporation~~  
37 ~~organized and operated for religious, hospital, scientific, charitable,~~  
38 ~~or educational purposes meeting the requirements for exemption~~  
39 ~~provided by Section 203 or this section.~~

1     (f) ~~Property used exclusively for housing and related facilities~~  
2 ~~for elderly or handicapped families and financed by, including,~~  
3 ~~but not limited to, the federal government pursuant to Section 202~~  
4 ~~of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section~~  
5 ~~231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of~~  
6 ~~Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of~~  
7 ~~Public Law 101-625 (42 U.S.C. Sec. 8013), and owned and~~  
8 ~~operated by religious, hospital, scientific, or charitable funds;~~  
9 ~~foundations, limited liability companies, or corporations meeting~~  
10 ~~all of the requirements of this section shall be deemed to be within~~  
11 ~~the exemption provided for in subdivision (b) of Section 4 and~~  
12 ~~Section 5 of Article XIII of the California Constitution and this~~  
13 ~~section.~~

14     The amendment of this paragraph made by Chapter 1102 of the  
15 Statutes of 1984 does not constitute a change in, but is declaratory  
16 of, existing law. However, no refund of property taxes shall be  
17 required as a result of this amendment for any fiscal year prior to  
18 the fiscal year in which the amendment takes effect.

19     ~~Property used exclusively for housing and related facilities for~~  
20 ~~elderly or handicapped families at which supplemental care or~~  
21 ~~services designed to meet the special needs of elderly or~~  
22 ~~handicapped residents are not provided, or that is not financed by~~  
23 ~~the federal government pursuant to Section 202 of Public Law~~  
24 ~~86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public~~  
25 ~~Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law~~  
26 ~~90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law~~  
27 ~~101-625 (42 U.S.C. Sec. 8013), shall not be entitled to exemption~~  
28 ~~pursuant to this subdivision unless the property is used for housing~~  
29 ~~and related facilities for low- and moderate-income elderly or~~  
30 ~~handicapped families. Property that would otherwise be exempt~~  
31 ~~pursuant to this subdivision, except that it includes some housing~~  
32 ~~and related facilities for other than low- or moderate-income elderly~~  
33 ~~or handicapped families, shall be entitled to a partial exemption.~~  
34 ~~The partial exemption shall be equal to that percentage of the value~~  
35 ~~of the property that is equal to the percentage that the number of~~  
36 ~~low- and moderate-income elderly and handicapped families~~  
37 ~~represents of the total number of families occupying the property.~~

38     As used in this subdivision, “low and moderate income” has the  
39 same meaning as the term “persons and families of low or moderate

1 income” as defined by Section 50093 of the Health and Safety  
2 Code.

3 (g) (1) Property used exclusively for rental housing and related  
4 facilities and owned and operated by religious, hospital, scientific,  
5 or charitable funds, foundations, limited liability companies, or  
6 corporations, including limited partnerships in which the managing  
7 general partner is an eligible nonprofit corporation or eligible  
8 limited liability company, meeting all of the requirements of this  
9 section, or by veterans’ organizations, as described in Section  
10 215.1, meeting all the requirements of paragraphs (1) to (7),  
11 inclusive, of subdivision (a), shall be deemed to be within the  
12 exemption provided for in subdivision (b) of Section 4 and Section  
13 5 of Article XIII of the California Constitution and this section  
14 and shall be entitled to a partial exemption equal to that percentage  
15 of the value of the property that is equal to the percentage that the  
16 number of units serving lower income households represents of  
17 the total number of residential units in any year in which any of  
18 the following criteria applies:

19 (A) The acquisition, rehabilitation, development, or operation  
20 of the property, or any combination of these factors, is financed  
21 with tax-exempt mortgage revenue bonds or general obligation  
22 bonds, or is financed by local, state, or federal loans or grants and  
23 the rents of the occupants who are lower income households do  
24 not exceed those prescribed by deed restrictions or regulatory  
25 agreements pursuant to the terms of the financing or financial  
26 assistance.

27 (B) The owner of the property is eligible for and receives  
28 low-income housing tax credits pursuant to Section 42 of the  
29 Internal Revenue Code of 1986, as added by Public Law 99-514.

30 (C) In the case of a claim, other than a claim with respect to  
31 property owned by a limited partnership in which the managing  
32 general partner is an eligible nonprofit corporation, that is filed  
33 for the 2000-01 fiscal year or any fiscal year thereafter, 90 percent  
34 or more of the occupants of the property are lower income  
35 households whose rent does not exceed the rent prescribed by  
36 Section 50053 of the Health and Safety Code. The total exemption  
37 amount allowed under this subdivision to a taxpayer, with respect  
38 to a single property or multiple properties for any fiscal year on  
39 the sole basis of the application of this subparagraph, may not  
40 exceed twenty thousand dollars (\$20,000) of tax.

~~(D) (i) The property was previously purchased and owned by the Department of Transportation pursuant to a consent decree requiring housing mitigation measures relating to the construction of a freeway and is now solely owned by an organization that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.~~

~~(ii) This subparagraph shall not apply to property owned by a limited partnership in which the managing partner is an eligible nonprofit corporation.~~

~~(2) In order to be eligible for the exemption provided by this subdivision, the owner of the property shall do both of the following:~~

~~(A) (i) For any claim filed for the 2000-01 fiscal year or any fiscal year thereafter, certify and ensure, subject to the limitation in clause (ii), that there is an enforceable and verifiable agreement with a public agency, a recorded deed restriction, or other legal document that restricts the project's usage and that provides that the units designated for use by lower income households are continuously available to or occupied by lower income households at rents that do not exceed those prescribed by Section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with Section 50053, rents that do not exceed those prescribed by the terms of the financing or financial assistance.~~

~~(ii) In the case of a limited partnership in which the managing general partner is an eligible nonprofit corporation, the restriction and provision specified in clause (i) shall be contained in an enforceable and verifiable agreement with a public agency, or in a recorded deed restriction to which the limited partnership certifies.~~

~~(B) Certify that the funds that would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income households.~~

~~(3) As used in this subdivision:~~

~~(A) "Lower income households" has the same meaning as the term "lower income households" as defined by Section 50079.5 of the Health and Safety Code.~~

~~(B) "Related facilities" means any manager's units and any and all common area spaces that are included within the physical~~

1 boundaries of the rental housing development, including, but not  
2 limited to, common area space, walkways, balconies, patios,  
3 clubhouse space, meeting rooms, laundry facilities and parking  
4 areas, except any portions of the overall development that are  
5 occupied commercial space.

6 (C) “Units serving lower income households” shall mean units  
7 that are occupied by lower income households at an affordable  
8 rent, as defined in Section 50053 of the Health and Safety Code  
9 or, to the extent that the terms of federal, state, or local financing  
10 or financial assistance conflicts with Section 50053, rents that do  
11 not exceed those prescribed by the terms of the financing or  
12 financial assistance. Units reserved for lower income households  
13 at an affordable rent that are temporarily vacant due to tenant  
14 turnover or repairs shall be counted as occupied.

15 (h) Property used exclusively for an emergency or temporary  
16 shelter and related facilities for homeless persons and families and  
17 owned and operated by religious, hospital, scientific, or charitable  
18 funds, foundations, limited liability companies, or corporations  
19 meeting all of the requirements of this section shall be deemed to  
20 be within the exemption provided for in subdivision (b) of Section  
21 4 and Section 5 of Article XIII of the California Constitution and  
22 this section. Property that otherwise would be exempt pursuant to  
23 this subdivision, except that it includes housing and related  
24 facilities for other than an emergency or temporary shelter, shall  
25 be entitled to a partial exemption.

26 As used in this subdivision, “emergency or temporary shelter”  
27 means a facility that would be eligible for funding pursuant to  
28 Chapter 11.5 (commencing with Section 50800) of Part 2 of  
29 Division 31 of the Health and Safety Code.

30 (i) Property used exclusively for housing and related facilities  
31 for employees of religious, charitable, scientific, or hospital  
32 organizations that meet all the requirements of subdivision (a) and  
33 owned and operated by funds, foundations, limited liability  
34 companies, or corporations that meet all the requirements of  
35 subdivision (a) shall be deemed to be within the exemption  
36 provided for in subdivision (b) of Section 4 and Section 5 of Article  
37 XIII of the California Constitution and this section to the extent  
38 the residential use of the property is institutionally necessary for  
39 the operation of the organization.

1     ~~(j) For purposes of this section, charitable purposes include~~  
2     ~~educational purposes. For purposes of this subdivision,~~  
3     ~~“educational purposes” means those educational purposes and~~  
4     ~~activities for the benefit of the community as a whole or an~~  
5     ~~unascertainable and indefinite portion thereof, and do not include~~  
6     ~~those educational purposes and activities that are primarily for the~~  
7     ~~benefit of an organization’s shareholders. Educational activities~~  
8     ~~include the study of relevant information, the dissemination of that~~  
9     ~~information to interested members of the general public, and the~~  
10    ~~participation of interested members of the general public.~~

11    ~~(k) In the case of property used exclusively for the exempt~~  
12    ~~purposes specified in this section, owned and operated by limited~~  
13    ~~liability companies that are organized and operated for those~~  
14    ~~purposes, the State Board of Equalization shall adopt regulations~~  
15    ~~to specify the ownership, organizational, and operational~~  
16    ~~requirements for those companies to qualify for the exemption~~  
17    ~~provided by this section.~~

18    ~~(l) The amendments made by Chapter 354 of the Statutes of~~  
19    ~~2004 shall apply with respect to lien dates occurring on and after~~  
20    ~~January 1, 2005.~~

21    ~~SEC. 2. Notwithstanding Section 2229 of the Revenue and~~  
22    ~~Taxation Code, no appropriation is made by this act and the state~~  
23    ~~shall not reimburse any local agency for any property tax revenues~~  
24    ~~lost by it pursuant to this act.~~

25    ~~SEC. 3. This act provides for a tax levy within the meaning of~~  
26    ~~Article IV of the Constitution and shall go into immediate effect.~~